



Financial Oversight Committee Meeting Minutes
Tuesday, September 19, 2023
Time: 6-8 p.m.
Board Room, SMMUSD District Administrative Office
1717 4th Street, Santa Monica, CA 90401

I. Call to Order -- 6:06 p.m.

Committee Members:

JW Beekman
Ryan Chin -- *arrived 6:20 p.m.; participated via teleconference from address listed on agenda*
Dillon Christensen -- *arrived at 6:10 p.m.*
Matthew Crawford
Seth Jacobson
Michael Kremer
Payal Maniar
Atul Porwal
Michael Rotgin

Staff:

Melody Canady
David Chiang
Gerardo Cruz
Dr. Antonio Shelton
Sarah Wahrenbrock

Board Liaison:

Jon Kean
Alicia Mignano
Stacy Rouse

Absent:

Alex Farivar

Public:

Darren Lathrop, CalPERS – CERBT
Therese Luo, CalPERS - CERBT
Jon Isom, Isom Advisors – District Bond Advisor
John Baracy, Raymond James – District Underwriter

II. Welcome

New FOC member Atul Porwal and new Superintendent Antonio Shelton introduced themselves.

III. Approval of Agenda

A motion was made by Ms. Maniar and seconded by Mr. Kremer to approve the meeting agenda.

AYES: Eight (8) (Mr. Beekman, Mr. Christensen, Mr. Crawford, Mr. Jacobson, Mr. Kremer, Ms. Maniar, Mr. Porwal, Mr. Rotgin)
NOES: None (0)
ABSENT: Two (2) (Mr. Chin, Mr. Farivar)
ABSTAIN: None (0)

IV. Approval of FOC Meeting Minutes

A motion was made by Ms. Maniar and seconded by Mr. Crawford to approve the June 6, 2023 meeting minutes.

AYES: Seven (7) (Mr. Beekman, Mr. Christensen, Mr. Crawford,, Mr. Jacobson, Mr. Kremer, Ms. Maniar, Mr. Rotgin)
NOES: None (0)
ABSENT: Two (2) (Mr. Chin, Mr. Farivar)
ABSTAIN: One (1) Mr. Porwal

V. Annual CERBT Update Presentation: Darren Lathrop, CalPERS-CERBT Program -- 6:13 p.m.

Darren Lathrop from California Public Employees' Retirement System (CalPERS) – California Employers' Retiree Benefit Trust (CERBT) Fund program provided the committee with an annual update. The presentation can be found at the end of these minutes.

Staff clarified that the district is working with Demsey Filliger and Associates (DFA) for the 2023 evaluation. The consultants from CalPERS answered committee members' questions regarding the growth of the total liability and timing of when the 2023 evaluation would be coming to the FOC (most likely in December).

VI. Assistant Superintendent, Business & Fiscal Report: Melody Canady -- 6:35 p.m.

A. Unaudited Actual Report – September 13, 2023 Board Meeting

Ms. Canady reported that the unaudited actuals were presented to the Board of Education on September 13, 2023. Mr. Cruz summarized the unaudited actuals.

Staff answered committee members' questions regarding the assumption of the funds projected to be raised by the Malibu fundraising entities and the Malibu Joint Use Agreement; the impact of the interfund transfer to the Facility Use Department and potential ways to address the decrease in revenue; the GASB numbers; the LCFF calculation; and the increased cost in health and welfare benefits for current employees, strategies to address the payment timing, and how this liability information could be better included in financial documents. Ms. Maniar suggested that the General Fund and Unfunded Liability Subcommittees could examine the health and welfare benefits topic. Staff will email the subcommittees where the health and welfare benefits liability can be found in the SACS document.

The unaudited actual documents can be found at the links below:

Report:

<https://simbli.eboardsolutions.com/Meetings/Attachment.aspx?S=36030435&AID=599155&MID=24271>

Presentation:

<https://simbli.eboardsolutions.com/Meetings/Attachment.aspx?S=36030435&AID=599147&MID=24271>

VII. Discussion/Action Items

A. Santa Monica SFID No. 1 Bond – Isom Advisors and Raymond James -- 7:20 p.m.

John Baracy from Isom Advisors summarized the SFID-1 bond program (Measure SMS). He and staff answered committee members' questions regarding the estimated tax rate for the proposed Series C issuance of SFID-1 bonds; the potential timing for a bond issuance for SFID-2; how the rating calls went last week and the timeline of the SFID-1 bond sale; and the impact of increased construction and labor costs.

The FOC Bond Subcommittee summarized its analysis of the proposed issuance of Measure SMS GO bonds. Board Liaisons recommended that the FOC subcommittee on Communications support staff on creating clear and proactive communications on this bond issuance and the savings to date.

A motion was made by Ms. Maiar and seconded by Ms. Rotgin to support the Series C bond issuance for SFID-1 and that the Board of Education adopt Scenario 1 (accelerated debt service with an eight-year call to refinance).

AYES: Nine (9) (Mr. Beekman, Mr. Chin, Mr. Christensen, Mr. Crawford, Mr. Jacobson, Mr. Kremer, Ms. Maniar, Mr. Porwal, Mr. Rotgin)

NOES: None (0)

ABSENT: One (1) (Mr. Farivar)

ABSTAIN: None (0)

Presentation:

<https://drive.google.com/file/d/1yS7DAw4jYwz5VJEokAQcXCycSIsvAuMC/view?usp=sharing>

B. Nominating Subcommittee Recommendation for Membership effective October 5, 2023 -- 8:04 p.m.

A motion was made by Mr. Rotgin and seconded by Mr. Crawford to recommend that the Board of Education approve the appointment of Jonathan Wong to fill the vacancy on the FOC for term commencing October 5, 2023, through June 30, 2026.

AYES: Nine (9) (Mr. Beekman, Mr. Chin, Mr. Christensen, Mr. Crawford, Mr. Jacobson, Mr. Kremer, Ms. Maniar, Mr. Porwal, Mr. Rotgin)

NOES: None (0)

ABSENT: One (1) (Mr. Farivar)

ABSTAIN: None (0)

C. Process for FOC Student Representatives -- 8:08 p.m.

Ms. Maniar explained that the three high schools have different processes for selecting student representation to the FOC. She asked if there was interest among FOC members to evaluate a better process to recruit and/or market this opportunity for students. Mr. Jacobson expressed his support for a more inclusive process. Mr. Cruz suggested the district's communications team create a video marketing the opportunity to students. Dr. Shelton suggested that in addition to the ASB Treasurers another interested student could apply from each high school. Ms. Maniar asked the Nominating Subcommittee to look into this.

D. FOC Charges and Board of Education mandates for 2023-24 -- 8:17 p.m.

Ms. Maniar shared that the board approved the FOC charges for 2023-24 at the special board meeting on September 13, 2023.

E. Election of Ad hoc Subcommittee Membership -- 8:17 p.m.

- i. General Budget Recommendations
 - JW Beekman, Dillon Christensen, Alex Farivar, Ryan Chin, Atul Porwal
- ii. Unfunded Liabilities Budget Recommendations
 - Seth Jacobson, Michael Kremer, Michael Rotgin, Payal Maniar
- iii. Bond Oversight
 - Michael Kremer, Matthew Crawford, Michael Rotgin, Ryan Chin
- iv. Measure R Reporting and Process Review
 - Matthew Crawford, Payal Maniar, Dillon Christensen
- v. Financial Communication and Reporting
 - Seth Jacobson, Atul Porwal, Payal Maniar
- vi. Nominations
 - Ryan Chin, Dillon Christensen

Ms. Maniar led the process in committee members expressing interest in serving on the various subcommittees (reflected above). She will communicate with those committee members who were absent from tonight's meeting to assign them.

F. Conflict of Interest Pledge -- 8:23 p.m.

The conflict of interest pledge is an annual document that must be signed by all members. The pledge was circulated for member signatures and will be electronically provided to all members after all members have signed the pledge.

VIII. Receive and File (*Limited Discussion*)

- A. Message from Seth Jacobson – June 22, 2023
- B. CERBT Asset Class Fact Sheet – 06/30/23
<https://www.smmusd.org/cms/lib/CA50000164/Centricity/domain/300/finreports/CERBT-AssetClassFactSheet063023.pdf>
- C. CERBT Account Update Summary – 06/30/23
<https://www.smmusd.org/cms/lib/CA50000164/Centricity/domain/300/finreports/CERBT-AccountUpdate063023.pdf>
- D. Ed Source – August 9, 2023 “*Appeals court upholds parcel taxes based on square footage with a ceiling*”
- E. Recommendation to the Board of Education re: Reserve Policy
<https://drive.google.com/file/d/1nQOuDe4hPMbmFc2xmFEVNLXfZERoyJkY/view>
- F. Joint Meeting Minutes / Study Session with the Board of Education: September 7, 2023

IX. Public Comments

None

X. Committee Comments

None

XI. Next Meeting: Thursday, October 26, 2023 - Malibu

XII. Adjournment: The meeting adjourned at 8:23 p.m.